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MONTANA STATE LOTTERY

REPORT ON
MONTANA CASH DRAWINGS

JUNE 30, 1997

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MONTANA STATE LOTTERY

REPORT ON
MONTANA CASH DRAWINGS

JUNE 30, 1997

ANDERSON ZURMUEHLEN & CO., P.C.
Certified Public Accountants

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LEGISLATIVE AUDIT DIVISION

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Deputy Legislative Auditors:
Jim Pellegrini, Performance Audit
James Gillett, Financial-Compliance Audit

September 1997

The Legislative Audit Committee
of the Montana State Legislature

Enclosed is the report on the audit of the Montana State Lottery Observations for the year ended June 30, 1997.

The audit was conducted by Anderson, ZurMuehlen and Company, PC, under a contract between the firm and our office. The comments and recommendations contained in this report represent the views of the firm and not necessarily the Legislative Auditor.

Sincerely,

Scott Seacat
Legislative Auditor

97C-02

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MONTANA STATE LOTTERY
COMMISSION MEMBERS AND ADMINISTRATIVE OFFICIALS
June 30, 1997

COMMISSION MEMBERS	RESIDENCE
Rebecca Erickson, Chairperson	Glasgow
Carol Thomas	Great Falls
Robert Crippen	Butte
Larry O'Toole	Plentywood
Cliff Brophy	Columbus

ADMINISTRATIVE OFFICIALS

Gerald J. LaChere, Director

L. John Onstad, Director of Security

Leslie Darfler, Director of Operations

Vacant, Director of Marketing

MONTANA STATE LOTTERY

INTRODUCTION

We performed the following agreed-upon procedures on the Montana State Lottery for the year ended June 30, 1997:

1) witnessing and reporting on all Montana Cash drawings;
2) examining all lottery drawing equipment prior to and after each related drawing; and
3) testing compliance with applicable statutes and regulations.

BACKGROUND

The Montana State Lottery was created in November 1986 by a referendum vote of the people of Montana. The "Montana State Lottery Act of 1985" rules and subsequent changes are outlined by Chapter 669 of the Montana Session Laws and Title 23, Chapter 7, of the Montana Code Annotated. The general purpose is to allow lottery games in which the players purchase from the state, through the administration of the state lottery, a chance to win a prize.

REPORTABLE OBSERVATIONS

In addition to the independent accountants' report on agreed-upon procedures, we are to report on serious inadequacies in operating controls and procedures, activities not authorized by the Legislature, and our recommendations to the State and the Lottery. We have nothing to report in those areas.

& COMPANY

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Commissioners
Montana State Lottery
Helena, Montana

We have performed the procedures enumerated below which were agreed to by the Montana State Lottery and the Montana Office of the Legislative Auditor to the accompanying statements of Montana Cash winning numbers for the year ended June 30, 1997. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representations regarding the sufficiency of the procedures described either for the purpose for which this letter has been requested or for any other purpose.

The agreed-upon procedures were designed to review the applicable rules as developed by the Montana State Lottery to determine that such rules are adequate to insure:

- All drawings are conducted in accordance with applicable rules and regulations.
- All drawings are conducted in a secure, honest and fair manner.

The procedures we performed are summarized as follows:

1. We read "Montana Cash Drawing Procedures." In performing these and other steps of our procedures, we gave consideration to the adequacy of controls over the drawing process.

2. We observed the unlocking of the machine cabinet and determined that the seals on the machine cabinet door, ball locker and ball sets were unbroken and that the seals were numbered the same as the seals placed there when we were last present.

3. We observed the random selection of the primary and back-up drawing machines and the primary and alternate ball sets.

4. We observed the pre-drawing tests, recorded the results and determined that the applicable procedures were followed.

5. We observed the official "Montana Cash Drawing" and determined that the applicable procedures were followed.

6. We observed the performance of one post-drawing test, recorded the results and determined the applicable procedures were followed.

7. We observed the resealing of the ball set, ball locker and machine cabinet door.

8. We observed the special second chance drawings for the Montana Lottery's "91 Days of Summer" drawings July 3, 1996, July 10, 1996, July 17, 1996, July 24, 1996, July 31, 1996, August 7, 1996, August 14, 1996, August 21, 1996, August 28, 1996, and September 4, 1996 and determined the applicable procedures were followed.

We have furnished the Office of the Legislative Auditor with a summary letter after each drawing that the Montana Cash drawings were performed and observed by us. The letter would include any unusual occurrences or deviations from the established rules and procedures.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the accompanying statements of Montana Cash winning numbers. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Montana Lottery and the Montana Office of the Legislative Auditor and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Anderson Zurmuehlen & Co., P.C.

Helena, Montana
June 30, 1997

MONTANA STATE LOTTERY
STATEMENT OF MONTANA CASH WINNING NUMBERS
Year Ended June 30, 1997

The following Montana Cash drawings were held twice a week, Wednesdays and Saturdays, at Lottery Headquarters, Helena, Montana. The winning numbers were:

DATE	WINNING NUMBERS
July 3, 1996	25 09 24 20 04
July 6, 1996	23 37 29 28 17
July 10, 1996	02 31 22 07 09
July 13, 1996	16 13 21 15 22
July 17, 1996	14 26 07 34 03
July 20, 1996	22 35 17 14 23
July 24, 1996	14 21 26 06 20
July 27, 1996	19 03 21 06 25
July 31, 1996	28 37 15 13 31
August 3, 1996	14 17 07 37 09
August 7, 1996	31 26 32 33 04
August 10, 1996	26 35 19 34 23
August 14, 1996	21 32 22 28 20
August 17, 1996	25 26 24 12 07
August 21, 1996	01 12 03 28 36
August 24, 1996	24 08 01 25 28
August 28, 1996	18 32 16 13 19
August 31, 1996	36 03 34 37 06
September 4, 1996	11 05 07 24 02
September 7, 1996	23 09 24 04 28
September 11, 1996	29 20 14 22 26
September 14, 1996	23 20 11 17 03
September 18, 1996	32 28 23 29 08
September 21, 1996	36 34 25 15 13
September 25, 1996	24 18 04 05 20
September 28, 1996	01 25 22 10 30
October 2, 1996	23 29 35 10 14
October 5, 1996	01 08 21 23 19
October 9, 1996	04 01 27 13 14
October 12, 1996	04 27 24 11 30
October 16, 1996	30 28 11 05 22
October 19, 1996	36 11 24 04 08
October 23, 1996	35 16 22 34 20
October 26, 1996	21 34 27 19 09
October 30, 1996	30 28 20 07 11

MONTANA STATE LOTTERY
STATEMENT OF MONTANA CASH WINNING NUMBERS (CONTINUED)
Year Ended June 30, 1997

DATE	WINNING NUMBERS
November 2, 1996	25 19 27 15 06
November 6, 1996	22 01 21 34 27
November 9, 1996	27 30 05 06 14
November 13, 1996	13 02 27 18 20
November 16, 1996	19 04 20 36 23
November 20, 1996	10 27 35 28 12
November 23, 1996	02 01 25 34 20
November 27, 1996	22 37 02 07 10
November 30, 1996	27 15 35 04 22
December 4, 1996	01 13 24 22 28
December 7, 1996	13 35 12 01 02
December 11, 1996	31 01 17 02 09
December 14, 1996	25 03 18 11 17
December 18, 1996	12 20 29 30 11
December 21 1996	28 24 31 03 26
December 25, 1996	24 01 11 28 33
December 28, 1996	14 37 21 13 23
January 1, 1997	01 33 23 11 02
January 4, 1997	02 19 35 12 28
January 8, 1997	08 34 05 35 20
January 11, 1997	28 31 18 04 01
January 15, 1997	22 11 16 15 03
January 18, 1997	34 28 36 10 12
January 22, 1997	21 12 11 27 17
January 25, 1997	04 05 14 12 25
January 29, 1997	37 11 33 25 18
February 1, 1997	23 13 22 01 09
February 5, 1997	36 22 01 12 37
February 8, 1997	25 28 27 01 13
February 12, 1997	07 25 26 34 37
February 15, 1997	09 33 22 34 20
February 19, 1997	29 24 14 35 01
February 22, 1997	22 19 02 15 34
February 26, 1997	34 11 10 22 14
March 1, 1997	16 11 02 28 15
March 5, 1997	09 03 25 18 30
March 8, 1997	13 08 21 17 06
March 12, 1997	16 24 25 12 27
March 15, 1997	26 04 20 08 24

MONTANA STATE LOTTERY

STATEMENT OF MONTANA CASH WINNING NUMBERS (CONTINUED)

Year Ended June 30, 1996

DATE	WINNING NUMBERS				
March 19, 1997	04	33	29	32	34
March 22, 1997	10	19	23	14	20
March 26, 1997	15	05	02	16	11
March 29, 1997	24	26	20	15	11
April 2 1997	07	05	08	02	27
April 5, 1997	18	21	25	36	16
April 9, 1997	23	34	27	19	05
April 12, 1997	11	15	35	27	34
April 16, 1997	35	31	05	33	12
April 19, 1997	11	15	31	36	33
April 23, 1997	09	37	22	31	23
April 26, 1997	19	22	36	32	21
April 30, 1997	24	22	02	34	17
May 3, 1997	19	01	22	11	13
May 7, 1997	30	35	13	18	09
May 10, 1997	23	08	03	20	29
May 14, 1997	30	07	21	33	34
May 17, 1997	21	03	34	07	06
May 21, 1997	02	24	19	21	11
May 24, 1997	14	30	23	28	13
May 28, 1997	37	16	24	34	32
May 31, 1997	13	34	19	09	29
June 4, 1997	07	24	18	23	10
June 7, 1997	06	36	29	17	02
June 11, 1997	06	10	31	33	34
June 14, 1997	01	30	37	34	19
June 18, 1997	26	07	18	25	01
June 21, 1997	01	07	31	08	30
June 25, 1997	36	37	15	34	20
June 28, 1997	03	21	16	14	20